Energy Availability & Pricing
Is the Economy Adjusting?

Paula G. Rosput
Chairman, President and CEO
May 19, 2004
“There are plenty of good five-cent cigars in the country. The trouble is they cost a quarter.”
Who Says There’s No Inflation?

1998 and 2002 Expenses

Dollars in Billions

Food, Clothing, Housing, Utilities, Medical, Transportation, Education, Other

Source: Bureau of Economic Analysis
“It’s the Economy, stupid.”
Mountains Of Debt, But Not From The Gas Bills!
Not To Say Energy Isn’t Volatile…

NYMEX Pricing 1990-2004

$/MMBTU

- Natural Gas
- Heating Oil
There’s No Doubt That the Gas Market Expects High Oil Prices

April - May Progression

Contract Month


$/MMBTU

4.00 4.50 5.00 5.50 6.00 6.50 7.00 7.50 8.00

May June July August September October November December January February March April

Pricing Has Flattened Demand Growth

![Graph showing demand growth for various sectors from 1990 to 2025. The graph indicates that the demand for industrial and electric generation has increased consistently, while the demand for residential and commercial sectors has remained relatively flat. The y-axis represents trillion cubic feet of demand, and the x-axis represents years from 1990 to 2025.](image-url)
Shelf production began declining in 1997 at a rate of 7% per year.

By 2002, production additions from deepwater areas are unable to stop declines in total Gulf production.

Source: Minerals Management Service (MMS)
Where Will Supply Come From?

Natural Gas Supply, Consumption, and Imports

Source: EIA Annual Energy Outlook 2003

AGL Resources

Is the Economy Adjusting - Paula Rosput, May 19, 2004
"If North American gas markets are to function with the flexibility exhibited by oil, more extensive access to the vast world reserves of gas is required," Allen Greenspan said.
Georgia – Bigger Than You Think

- Ranked 10th in population in the U.S.
- 4th in population growth, growing at 2x the national average
- 100k housing starts in 2002 is 6 percent of all U.S. starts
- Ranked 9th in total energy consumption
- Ranked 13th in natural gas consumption (363 Bcf in 2003)

Source: U.S. Census Bureau and EIA
Eastern Seaboard Has Several Existing LNG Terminals
- Constrained areas remain
- Infrastructure improvements needed
The Race Is On: Existing and Proposed LNG Import Facilities

Existing Terminals with Approved Expansions
A. Everett, MA: 1.035 Bcf/d (Tractebel – DOMAC)
B. Cove Point, MD: 1.0 Bcf/d (Dominion – Cove Point LNG)
C. Elba Island, GA: 1.2 Bcf/d (El Paso – Southern LNG)
D. Lake Charles, LA: 1.2 Bcf/d (Southern Union – Trunkline LNG)

Approved Terminals
1. Hackberry, LA, 1.6 Bcf/d, (Georgia Energy)
2. Port Pelican, 1.6 Bcf/d, (Chevron Texaco)
3. Bahamas: 0.84 Bcfd, (AES Ocean Express)*
4. Gulf of Mexico: 0.5 Bcfd, (Excellerate Energy LLC)
5. Bahamas: 0.53 Bcfd, (Calypso Tractebel)*

Proposed Terminals and Expansions – FERC
6. Freeport, TX: 1.5 Bcfd, (Cheriere/Freeport LNG Dev.)
7. Fall River, MA: 0.8 Bcfd, (Weaver’s Cove Energy)
8. Long Beach, CA: 0.7 Bcfd, (SES/Mitsubishi)
9. Corpus Christi, TX: 2.6 Bcfd, (Cheriere LNG Partners)
10. Sabine, LA: 2.6 Bcfd (Cheriere LNG)
11. Corpus Christi, TX: 1.0 Bcfd (Vista Del Sol/ExonMobil)
12. Sabine, TX: 1.0 Bcfd (Golden Pass/ExonMobil)
14. Lake Charles, LA: 0.6 Bcfd (Southern Union – Trunkline LNG)

Proposed Terminals – Coast Guard
15. California Offshore: 1.5 Bcfd, (Calribro Port – BHP Billiton)
16. Louisiana Offshore: 1.0 Bcfd (Gulf Landing – Shell)
17. So. California Offshore: 0.5 Bcfd, (Crystal Energy)
18. Louisiana Offshore: 1.0 Bcfd (McMorran Express)

Planned Terminals and Expansions
19. Brownsville, TX: n/a, (Cheriere LNG Partners)
20. Mobile Bay, AL: 1.0 Bcfd, (ExxonMobil)
21. Somerset, MA: 0.65 Bcfd (Somerset LNG)
22. Belmar, NJ Offshore: n/a (Excellerate Energy)
23. Bahamas: 0.5 Bcfd, (Seafarer – El Paso/PL)
24. Altamira, Tamaulipas: 1.12 Bcfd, (Shell)
25. Baja California, MX: 1.0 Bcfd, (Sempra & Shell)
26. Baja California Offshore: 1.4 Bcfd, (Chevron Texaco)
27. California – Offshore: 0.5 Bcfd, (Chevron Texaco)
28. St. John, NB: 0.5 Bcfd, (CanaPort – Irving Oil)
29. Point Tupper, NS: 1.0 Bcfd (Bear Head LNG – Access Northeast Energy)
30. Searsport, ME: n/a
31. St. Lawrence, QC: n/a (TCPL and/or Gaz Met)
32. Lázaro Cárdenas, MX: 0.5 Bcfd (Tractebel)
33. Gulf of Mexico: 1.0 Bcfd (ExxonMobil)
34. Providence, RI: 0.5 Bcfd (Keystone & BG LNG)
35. Mobile Bay, AL: 1.0 Bcfd (Cheriere LNG Partners)
36. Cherry Point, WA: 0.5 Bcfd (Cherry Point Energy LLC)
37. Cove Point, MD: 0.8 Bcfd (Dominion)
38. Corpus Christi, TX: 1.0 Bcfd (Occidental Energy Ventures)

* US pipeline approved; LNG terminal pending in Bahamas
Economic Vitality Dependent on Energy

- Loss of manufacturing jobs has not diminished state’s appetite for energy
- Global and North American pressures on resource availability are unmistakable
- Georgia’s future development requires infrastructure and supply
- Georgia has an opportunity to be a transportation hub, not just for shipping, rail, and trucking – but for energy as well